

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 PM-07 NSC-07 SP-03 SS-20 RSC-01 CIAE-00

INR-10 NSAE-00 MC-02 L-03 EB-11 OMB-01 TRSE-00 COME-00

SAJ-01 INRE-00 NSCE-00 SSO-00 NEA-14 /106 R

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INFO SECDEF

USCINCEUR

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C O N F I D E N T I A L STATE 123901

E.O. 11652: GDS

TAGS: MARR, GR, US

SUBJECT: FMS CREDITS FOR GREEK A-7 PURCHASE

REF: (A) ATHENS 3215; (B) ATHENS 3024; (C) ATHENS 2971

NOTAL; CJUSMAG 17103402 MAY

1. THE FOLLOWING COURSE SHOULD BE FOLLOWED REGARDING US FINANCING IN NEGOTIATIONS FOR PROSPECTIVE GREEK PURCHASE OF (60) A-7 AIRCRAFT (PRICE OF WHICH NOW ESTIMATED AT 250-260 MILLION DOLS.); DSAA NEGOTIATOR WILL ADVISE GOG NEGOTIATING TEAM THAT ADMINISTRATION HAS REQUESTED OF CONGRESS 71 MILLION DOLS. IN FMS CREDITS FOR GREECE IN FY 75. WE SHALL PURSUE OUR INTENTION OF PROVIDING FROM ACTUAL AUTHORIZATION SUFFICIENT FMS, NOT TO EXCEED 71 MILLION DOLS, TO SUPPORT GOG PURCHASE OF A-7'S. WHILE WE ARE UNABLE AT THIS

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TIME TO GUARANTEE SPECIFIC FUNDING LEVELS FOR FOLLOWING

YEARS IN WHICH FINANCING WILL BE NEEDED TO COMPLETE PAYMENTS FOR AIRCRAFT, WE WILL DO OUR BEST TO ASSURE THAT FMS CREDITS WILL BE PROVIDED. (FYI: IN CONJUNCTION WITH THIS APPROACH, AN ADDITIONAL 10 MILLION DOLS FMS CREDIT WILL BE OFFERED TO GREECE OUT OF FY 74 FUNDS. WE EXPECT THIS ADDITIONAL AMOUNT OF FY 74 FUNDS WILL BE USED TO FINANCE MOST OF BALANCE OF FUNDS REQUIRED FOR GREEK F-4 PURCHASE CONCLUDED IN 1972. HOPEFULLY, PROVISION OF ADDITIONAL 10 MILLION DOLS WILL SIGNIFICANTLY CONTRIBUTE TO CREDIBILITY OF FINANCIAL ARRANGEMENTS PROPOSED FOR A-7 SALE. END FYI.)

2. IN VIEW OF NECESSARILY DELICATE NEGOTIATIONS IMPOSED BY CREDIT TERMS TO BE OFFERED AND RESULTANT DANGER OF SUBSEQUENT GOG MISINTERPRETATION OF OUR ACTUAL OFFER, FOLLOWING AIDE MEMOIRE SHOULD BE PRESENTED TO FOREIGN MINISTRY BY EMBASSY OFFICER AT APPROPRIATE TIME, IF AND ONLY IF GREEKS HAVE INDICATED WILLINGNESS TO PURSUE YEAR BY YEAR CREDITS.

QUOTE IN RECOGNITION OF THE REQUIREMENT OF THE GREEK GOVERNMENT TO HAVE A REASONABLE ASSURANCE OF ADEQUATE FINANCING TO SUPPORT ITS PURCHASE OF 60 A-7 AIRCRAFT FROM THE UNITED STATES NAVY, THE UNITED STATES GOVERNMENT UNDERTAKES TO PROVIDE FMS CREDITS OR GUARANTEES IN FY 1975, NOT TO EXCEED 71 MILLION DOLS. THE AMOUNT IS SUBJECT TO THE ENACTMENT BY THE US CONGRESS OF THE NECESSARY APPROPRIATION, THE CONTINUANCE OF LEGISLATIVE AUTHORITY, AND UNFORESEEN GLOBAL CONTINGENCIES. IN SUBSEQUENT YEARS, WE SHALL ENDEAVOR TO MAKE FMS CREDITS OR GUARANTEES AVAILABLE TO GREECE FOR THIS PURPOSE. END QUOTE

3. IN NEGOTIATION SHOULD INFORMALLY ASSURE GOG THAT WE INTEND TO CONTINUE FMS PROGRAM FOR GREECE FOR NECESSARY YEARS BEYOND FY 75. (BEGIN FYI: IF SALE CANNOT BE MADE ON THE BASIS OF THESE INSTRUCTIONS, NEGOTIATOR SHOULD REQUEST FURTHER GUIDANCE AT ONCE AND WE WOULD HAVE TO REEXAMINE ISSUE OF MULTIYEAR CREDITS - END FYI) BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY AIRCRAFT, MILITARY SALES, CREDIT GUARANTEES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE123901
Document Source: CORE
Document Unique ID: 00
Drafter: GCHUR HI //PM:GVEST
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740150-0669
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740654/aaaabupx.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) ATHENS 3215; (B) ATHENS 3024; (C,) ATHENS 2971
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2002 by boyleja>; APPROVED <20 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FMS CREDITS FOR GREEK A-7 PURCHASE
TAGS: MARR, GR, US
To: ATHENS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005